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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 28, 2001

REQUEST OF

ALLEGHENY POWER

CASE NO. PUE010365

For waiver of certain provisions  
of the Rules Governing Retail Access  
to Competitive Energy Services

REQUEST OF

DELMARVA POWER & LIGHT COMPANY

CASE NO. PUE010366

For waiver of certain provisions  
of the Rules Governing Retail Access  
to Competitive Energy Services

JOINT REQUEST OF

THE VIRGINIA COOPERATIVES

CASE NO. PUE010367

For additional time to comply with  
the Rules Governing Retail Access to  
Competitive Energy Services

REQUEST OF

APPALACHIAN POWER COMPANY D/B/A  
AMERICAN ELECTRIC POWER

CASE NO. PUE010368

For additional time to comply with  
the Rules Governing Retail Access to  
Competitive Energy Services

REQUEST OF

WASHINGTON GAS LIGHT COMPANY  
and the  
SHENANDOAH DIVISION OF  
WASHINGTON GAS LIGHT COMPANY

CASE NO. PUE010369

For clarification or waiver and for  
additional time to comply with the  
Rules Governing Retail Access to  
Competitive Energy Services

REQUEST OF

VIRGINIA ELECTRIC AND POWER

For additional time to comply with  
the Rules Governing Retail Access to  
Competitive Energy Services

ORDER ON REQUESTS FOR CLARIFICATION,  
WAIVER AND/OR ADDITIONAL TIME TO COMPLY  
WITH THE RULES GOVERNING RETAIL ACCESS  
TO COMPETITIVE ENERGY SERVICES

On June 19, 2001, the State Corporation Commission ("Commission") entered an order in Case No. PUE010013 adopting Rules Governing Retail Access to Competitive Energy Services ("Retail Access Rules"), 20 VAC 5-312-10 et seq., effective August 1, 2001, to be applicable with the implementation of full or phased-in retail access to competitive energy services in the service territory of each local distribution company. Our June 19, 2001 Order provided that parties needing additional time to comply with certain rules should submit requests in writing to the Commission on or before July 9, 2001.

By July 9, 2001, the Commission received requests for clarification, waiver and/or additional time to comply with the Retail Access Rules from Allegheny Power ("Allegheny"), Delmarva Power & Light Company ("Delmarva"), the Virginia Electric Cooperatives<sup>1</sup> ("Cooperatives"), Appalachian Power Company d/b/a American Electric Power ("AEP-VA"), Washington Gas Light Company ("Washington Gas") and the Shenandoah Gas Division of Washington Gas Light Company ("Shenandoah Gas"), and Virginia Electric and Power Company ("Dominion Virginia Power").

NOW THE COMMISSION, having considered these requests, finds that some should be granted, and others should be denied. Although each of these requests was docketed separately, we will address them together in this order.

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<sup>1</sup> The Virginia Electric Cooperatives include A&N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Inc., Northern Virginia Electric Cooperative, Powell Valley Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative and Southside Electric Cooperative, Inc., and the Virginia, Maryland & Delaware Association of Electric Cooperatives.

The Virginia Electric Utility Restructuring Act charges the Commission with the responsibility of implementing and advancing competition in the Commonwealth. Although we recognize that the Retail Access Rules may require significant and complex system modifications, we expect the development of competition to be a high priority for Virginia's utilities. These utilities must devote the necessary resources to ensure compliance with the Retail Access Rules as quickly as possible. Although we grant some extensions in this Order, it is our hope that these utilities will be able to complete the necessary modifications before the deadlines set herein, removing any obstacles the delays may have created to the development of competition.

Allegheny and Delmarva request a waiver of 20 VAC 5-312-80 F, which requires the local distribution company ("LDC") to process the first customer enrollment request submitted by a competitive service provider ("CSP") when multiple enrollment requests are submitted for the same customer within the same enrollment period. The Staff supports both Allegheny's and Delmarva's requests for waiver. A&N Electric Cooperative ("A&N") filed an objection to Delmarva's request for waiver asserting that if Delmarva's request is granted, A&N would be the only utility subject to this provision of the Retail Access Rules on the Eastern Shore, thereby making it difficult for A&N to attract CSPs to its territory.

We are aware that Delmarva currently offers retail access to its customers in Maryland and Delaware, and honors the most recent or last request for enrollment of a customer during an enrollment period. Likewise, Allegheny Power utilizes the "last-in" process for its customers in Maryland, Pennsylvania, and Ohio. The Commission realizes the importance of consistency not only among service territories, but also among states. It is our hope that, pursuant to the efforts underway to develop uniform business practices and standards, we will soon have regional, if not national, consistency among the states regarding a process for customer enrollment requests. We support these efforts, and will strongly consider any recommendations that move the states

towards a uniform approach to the processing of customer enrollment requests. Until then, however, we do not believe that permitting Delmarva to use the "last-in" approach will negatively impact competition on the Eastern Shore. Further, it appears that A&N will not be implementing full retail access in the immediate future. Indeed, there may be a uniform standard for the processing of enrollment requests prior to A&N's move toward competition. We will therefore grant both Delmarva's and Allegheny's requests for waiver of 20 VAC 5-312-80 F until such time as there may be a regional or national standard for the processing of customer enrollment requests, or the Commission chooses to re-evaluate such process.

Delmarva also requests a waiver of 20 VAC 5-312-80 H which allows a CSP, pursuant to the LDC's tariff, to request a special meter reading to alter a customer's effective switch date. Delmarva states that switching CSPs on the basis of a special meter reading cannot be done using Delmarva's existing billing system, and that it has received only one such request to date in its other jurisdictions. Delmarva contends that, given the lack of interest in special, off-cycle meter readings, it should not be required to disrupt its existing billing system and incur unnecessary costs to switch customers from one CSP to another. In its comments, the Staff states that Delmarva's concerns should be addressed in the context of its proposed retail access tariff and not through a request for waiver. We agree with Staff that 20 VAC 5-312-80 H only applies pursuant to the LDC's tariff, and therefore no request for waiver is necessary.

Next, the Cooperatives request additional time to comply with the Retail Access Rules, but only to the extent that the Commission expects them to be in compliance with the rules as of August 1, 2001. The applicability subsection of the rules, 20 VAC 5-312-10 A, states that the Retail Access Rules are effective August 1, 2001, and are "applicable to the implementation of full or phased-in retail access to competitive energy services in the service territory of each local distribution company." Therefore, until choice is implemented within each Cooperatives' service territory, the Retail Access Rules do not apply, except to the extent that the rules require

preparatory implementation work and impose requirements prior to the provisioning of competitive services. For this reason, we deny the Cooperatives' request for additional time to comply with the Retail Access Rules. The Cooperatives must make the necessary system modifications sufficiently in advance to accommodate the Retail Access Rules so that no requests for additional time to comply with the rules are necessary for implementation of retail choice within their respective territories.

Dominion Virginia Power requests additional time to comply with certain bill information standards required by rules 20 VAC 5-312-90 I 8 f, 20 VAC 5-312-90 I 8 g, and 20 VAC 5-312-90 L due to necessary and complex system changes. Specifically, Dominion Virginia Power indicates that it needs until July 1, 2002, for the completion and adequate testing of system changes required to display: 1) the previous bill amounts on all bills, and 2) the amounts of payment applied on LDC consolidated bills to the previous billing charges of the billing party and the non-billing party.

We recognize that Dominion Virginia Power alerted the Staff and interested parties during the work group sessions of its need for additional time to comply with these particular provisions of the rules. Nevertheless, we believe this to be a question of priorities, and Dominion Virginia Power must be willing and able to make the necessary resources available to bring itself into compliance with the rules quickly. We will grant Dominion Virginia Power a six-month extension, until July 1, 2002, to comply with the specific provisions of the rules identified in its request. Dominion Virginia Power should, however, work swiftly and diligently to bring itself into compliance with these rules, making every effort to achieve compliance prior to July 1, 2002. We also note that, according to its request, Dominion Virginia Power does not need additional time to comply with the other provisions of the identified rules, including the requirements to display the balance forward, current charges, and total amount due on all bills

and to display these same elements for the billing party and non-billing party on LDC consolidated bills.

AEP-VA requests additional time to comply with parts of the same bill information rules identified by Dominion Virginia Power, as well as 20 VAC 5-312-90 M. Specifically, AEP-VA requests a delay in the implementation of requirements to display: 1) the previous bill amounts, payments applied, balance forward, and total charges separately stated for the billing and non-billing party on consolidated bills; and 2) the identity, phone number, and separately stated balance due for former suppliers on all bills. AEP-VA requests additional time to comply with these rules until such time that five percent of retail customers have switched to suppliers under the LDC consolidated billing option. AEP-VA further states that system changes necessary to meet this requirement are estimated to take at least six months, however, it will monitor market activity and attempt to achieve compliance coincident with attainment of the five percent target. In any case, AEP-VA states that it can commit to obtaining compliance with the requirements by December 31, 2002. As support for its request, AEP-VA states that in order to comply with these rules, its customer information system will require significant programming changes to track and state on the bill separate previous balances by service provider.

As with Dominion Virginia Power's request, we recognize the complexity of system changes required by the Retail Access Rules. However, we find AEP-VA's request particularly troublesome because AEP-VA proposes to delay inclusion of separate previous balances by service provider, making it difficult, if not impossible, for the customer to determine the amount and provider with which the customer carries a past due balance.<sup>2</sup> Nevertheless, we find that a limited amount of additional time may be needed, and will grant such additional time to comply

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<sup>2</sup> AEP-VA states in its request that it will direct customers to its Customer Solutions Centers for more information regarding previous supplier balances, payments received, total charges and arrearages. Our rule requires that this information be displayed on the bill; a customer's ability to call the company to get the information is an unsatisfactory alternative.

with the specified rules, but only until July 1, 2002. But, as we noted with the extension granted to Dominion Virginia Power, we hope AEP-VA will endeavor to make the necessary system changes to comply with the rules prior to July 1, 2002.

Washington Gas and Shenandoah Gas request a clarification of the general applicability of the Retail Access Rules to its customers receiving interruptible gas service. The companies believe that § 56-235.8 of the Code of Virginia did not intend to extend "retail supply choice" to the company's traditional interruptible customers. However, if the Commission disagrees with their interpretation of the statute, Washington Gas and Shenandoah Gas request a waiver of the entire enrollment and switching section of the Retail Access Rules, 20 VAC 5-312-80, with respect to their interruptible customers.

We believe that a waiver may not be necessary for Washington Gas and Shenandoah Gas to continue to serve their interruptible customers pursuant to their tariffs on file with the Commission. Many of the enrollment and switching rules contain a provision intended to give flexibility to gas utilities by permitting compliance pursuant to the LDC's tariff approved by the Commission.<sup>3</sup> Washington Gas and Shenandoah Gas submitted a broad waiver request including the entire enrollment and switching section. As noted, we do not believe that a waiver from this entire section is necessary because it appears the companies' tariffs apply; however, for matters beyond the tariff, if Washington Gas and Shenandoah Gas require a waiver from specific rules contained in the enrollment and switching section to be in compliance with the rules, they must renew their request by specifically identifying each rule and the specific reason for which a waiver is requested.

Washington Gas and Shenandoah Gas also request a waiver of 20 VAC 5-312-90 I 8 a, which requires that the meter identification number be included on all customer bills.

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<sup>3</sup> For example, subsections A, G, H, J, K, L, M, N, and P of 20 VAC 5-312-80 all contain language that enables LDCs to comply with only the terms of their Commission-approved tariffs.

Washington Gas and Shenandoah Gas state that their gas meters display several meter identification numbers, and they believe that including an identification number on the bill will cause confusion due to the multiple numbers shown on the meter. In its comments, the Staff states that it believes that the meter identification number provides important information to customers, especially for meter identification in multi-unit buildings with unidentified meter banks and for cross-reference of meter identification with respect to requested meter test results. In its response to the Staff's comments, Washington Gas and Shenandoah Gas state that with regard to the Staff's concern about requested meter test results, they have found that such requests are relatively rare. The companies also state that they do not believe that their customers would receive significant benefits from the provision of the meter identification number on their monthly bills.

We agree with the Staff that the meter identification number provides important information to customers who live in multi-unit buildings with unidentified meter banks, and others who may request testing of their meters. We deny Washington Gas' and Shenandoah Gas' requests for waiver of this rule, and direct the companies to choose one meter identification number, preferably the most prominent and visible number to customers, and to use that number for all customers for display on the customer bill.

Next, Washington Gas and Shenandoah Gas request clarification and/or a waiver of 20 VAC 5-312-90 I 8 d, which requires notice of a change in rates to be provided on all customer bills. The companies state that, for example, for customers purchasing gas supplies from them, the Purchased Gas Charges ("PGC") change at least quarterly due to changes in projected gas costs, supplier refunds and the impact of the Actual Cost Adjustment factor, and change more frequently if out-of-period filings are made to revise the PGC rates. Washington Gas and Shenandoah Gas believe that providing notice of all such changes, which will likely occur almost monthly, will be confusing to customers. In its comments, the Staff states that, with regard to the

companies' concerns about the PGC, it believes that this notice requirement is satisfied by simply displaying the current associated rate on the bill, as Washington Gas and Shenandoah Gas currently do.

We will grant waivers to both Washington Gas and Shenandoah Gas of 20 VAC 5-312-90 I 8 d for those rates, including the PGC, that: 1) change frequently, i.e. every few months, and 2) are shown on the bill. We agree with the companies that providing additional notice of frequently changing rates might well be confusing to customers.

Further, Washington Gas and Shenandoah Gas request additional time to comply with 20 VAC 5-312-60 B 3, which requires LDCs to make a mass list of eligible customers available to CSPs upon request two months prior to the implementation of retail access, and 20 VAC 5-312-90 J 1, which requires the use of standard terminology and brief explanations of charges on bills rendered to customers who continue to purchase gas supplies from the LDC. Washington Gas and Shenandoah Gas state that because they began their permanent retail access program on April 1, 2001, they cannot comply with the requirement in 20 VAC 5-312-60 B 3, and therefore request additional time to comply until November 30, 2001. Washington Gas and Shenandoah Gas also request additional time to comply with 20 VAC 5-312-90 J 1, until October 1, 2001, so that they can use their approximately three months' of billing stock in inventory prior to obtaining new billing stock to comply with the rule. The Commission agrees with the Staff that both of these requests are reasonable and should be granted.

Finally, Washington Gas and Shenandoah Gas request additional time to comply with certain other bill information standards required by 20 VAC 5-312-90 I 4, 20 VAC 5-312-90 J 2, 20 VAC 5-312-90 L, 20 VAC 5-312-90 M, and 20 VAC 5-312-90 N due to the required modification of their billing systems. In addition, the companies request additional time to comply with 20 VAC 5-312-90 I 8 a, pertaining to the meter identification number, in the event that the Commission does not grant their requested waiver of this subsection. Washington Gas

and Shenandoah Gas state that they currently use three distinct billing systems to render bills to customers: one system for customers who purchase natural gas supply from Washington Gas; a second system for Washington Gas customers who purchase natural gas supply from a CSP and receive LDC consolidated bills; and a third system for both types of customers served by Shenandoah Gas. None of these billing systems can currently render bills in complete compliance with all of the rules applicable to billing and payment and, according to the companies, would require significant programming changes in order to do so. The companies state that they are evaluating the possible replacement of all three systems with one new system to be completely phased-in by December 31, 2003. The implementation of LDC consolidated billing for Washington Gas (excluding Shenandoah Gas customers) using the new or a modified system will be completed by December 31, 2002. Washington Gas and Shenandoah Gas state that the requested additional time will allow them to concentrate resources on evaluating, selecting, and implementing a system that meets all the requirements in a manner that is cost effective and does not disrupt the ability to render accurate bills.

Therefore, Washington Gas requests additional time until December 31, 2002, to comply with requirements to display or to provide space for CSPs to display the following detail on LDC consolidated bills rendered by Washington Gas (excluding those rendered by Shenandoah Gas): 1) non-routine charges and fees, such as deposits and late payment fees; 2) meter identification number; 3) notice of change in rates; 4) 240 text characters of CSP messages (can accommodate 120 text characters); 5) arrearage for each former CSP for two billing cycles after service termination; and 6) a note stating that CSP charges are not included, if such charges are excluded from the bill for any reason.

With respect to bills issued to customers who purchase natural gas supply from Washington Gas (excluding bills issued to customers of Shenandoah Gas), additional time is requested until December 31, 2003, to comply with requirements to display the following

information on bills: 1) meter identification number; 2) notice of change in rates; 3) monthly consumption data for the previous 12 months; and 4) arrearage for each former CSP for two billing cycles after service termination.

And, for bills issued to customers by Shenandoah Gas, additional time is requested until December 31, 2003, to comply with requirements to display or to provide space for CSPs to display the following detail: 1) meter identification number; 2) notice of change in rates; 3) monthly consumption data for the previous 12 months; 4) previous bill amounts and payments applied to previous billing charges on all bills, separately stated balance forward and total charges for the LDC and CSP on consolidated bills, six numeric fields to detail current CSP charges and 240 text characters for CSP bill messages on consolidated bills; and 5) arrearage for each former CSP for two billing cycles after service termination on all bills.

The Staff supports Washington Gas' and Shenandoah Gas' requests, but recommends that the Commission grant additional time for compliance with all the identified billing information provisions only until December 31, 2002. Staff states that if Washington Gas determines that it cannot comply with the identified rules by this date, it may then request additional time within which to comply.

Again, the Commission appreciates and understands the complexity of the system changes required by the Retail Access Rules, but believes the implementation of such changes in order to make competition effective should be a high priority for Washington Gas and Shenandoah Gas. Achieving timely compliance with the Retail Access Rules will be difficult for many utilities, but in order to create a level playing field for energy market participants, utilities must devote substantial resources to making the necessary system changes. We will grant Washington Gas and Shenandoah Gas additional time to comply with the identified billing information provisions, including 20 VAC 5-312-90 I 8 a, until December 31, 2002. We expect

Washington Gas and Shenandoah Gas to have made the necessary system changes to comply with the rules by this date, with no additional requests for further extensions of time.

Accordingly, IT IS ORDERED THAT:

(1) Allegheny's and Delmarva's requests for waiver of 20 VAC 5-312-80 F, which requires the LDC to process the first customer enrollment request submitted by a CSP when multiple enrollment requests are submitted for the same customer within the same enrollment period, are granted. These waivers are effective until such time as there may be a regional or national standard for the processing of customer enrollment requests, or the Commission chooses to re-evaluate such process.

(2) Delmarva's request for waiver of 20 VAC 5-312-80 H, which allows a CSP, pursuant to the LDC's tariff, to request a special meter reading, is denied. As stated herein, we do not believe such a request is necessary.

(3) The Cooperatives' request for additional time to comply with the Retail Access Rules is denied. As stated herein, we do not believe such a request is necessary.

(4) Dominion Virginia Power's request for additional time to comply with certain bill information standards contained in 20 VAC 5-312-90 I 8 f, 20 VAC 5-312-90 I 8 g, and 20 VAC 5-312-90 L until July 1, 2002, is granted.

(5) AEP-VA's request for additional time to comply with certain bill information standards contained in 20 VAC 5-312-90 I 8 f, 20 VAC 5-312-90 I 8 g, 20 VAC 5-312-90 L, and 20 VAC 5-312-90 M, is granted, but only until July 1, 2002.

(6) Washington Gas' and Shenandoah Gas' requests for waiver from the entire enrollment and switching section of the Retail Access Rules, 20 VAC 5-312-80, is denied. If the companies require a waiver from specific rules contained in 20 VAC 5-312-80, they shall renew their requests for waiver, by September 24, 2001, by specifically identifying each rule and the reasons for which a waiver is requested.

(7) Washington Gas' and Shenandoah Gas' requests for waiver of 20 VAC 5-312-90 I 8 a, which requires that the meter identification number be included on all customer bills, are denied. However, both Washington Gas and Shenandoah Gas are granted additional time to comply with 20 VAC 5-312-90 I 8 a, until December 31, 2002.

(8) Washington Gas' and Shenandoah Gas' requests for waiver of 20 VAC 5-312-90 I 8 d, which requires notice of a change in rates to be provided on all customer bills, are granted with respect to those rates, including the PGC, that: 1) change frequently, i.e. every few months, and 2) are shown on the bill.

(9) Washington Gas' and Shenandoah Gas' requests for additional time to comply with 20 VAC 5-312-60 B 3, which requires LDCs to make a mass list of eligible customers available to CSPs upon request two months prior to the implementation of retail access, until November 30, 2001, are granted.

(10) Washington Gas' and Shenandoah Gas' requests for additional time to comply with 20 VAC 5-312-90 J 1, which requires the use of standard terminology and brief explanations of charges on bills rendered to customers who continue to purchase gas supplies from the LDC, until October 1, 2001, are granted.

(11) Washington Gas' and Shenandoah Gas' requests for additional time to comply with certain bill information standards required by 20 VAC 5-312-90 I 4, 20 VAC 5-312-90 J 2, 20 VAC 5-312-90 L, 20 VAC 5-312-90 M, and 20 VAC 5-312-90 N are granted, but only until December 31, 2002.

(12) These cases shall remain open for further orders of the Commission.